

Approved 5-4-87  
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Wint Winter, Jr. at  
Chairperson

11:30 a.m./p.m. on April 29, 1987 in room 529-S of the Capitol.

All members were present except: Senator Vidricksen - Excused

Committee staff present:

Arden Ensley, Revisor of Statutes  
Lynne Holt, Legislative Research Department  
Tom Severn, Legislative Research Department  
Mary Allen, Secretary to the Committee

Conferees appearing before the committee:

Kim Wells, Gaar and Bell, Kansas City, Missouri  
Dr. Charles Krider, Institute for Public Policy and Business Research  
Allen Bell, Department of Administration

The meeting was called to order at 11:30 a.m. by the Chairman, Senator Wint Winter, Jr..

The Chairman said that SB 243, which passed both houses of the Legislature and was signed by the Governor, contained a technical problem. He reminded the Committee that SB 243 dealt with venture capital and contained a provision for a tax credit for the privilege tax for insurance companies who invest in private venture capital firms. He observed that all insurance companies pay a premium tax but only some of the insurance companies pay a privilege tax. SB 243 references only to a privilege tax. He said that the Committee should consider making sure that all insurance companies who pay a tax in Kansas have the opportunity to claim credit in the event that they invest in private venture capital firms.

Tom Severn, Legislative Research Department, noted that all insurance companies pay the premium tax with domestic companies paying at a lower rate. He said that the privilege tax is paid only by domestic insurance companies and it is measured by income.

Senator D. Kerr moved that the Committee request the Ways and Means Committee to introduce a bill and refer it to the Floor to amend SB 243, which has already passed the Legislature and been signed by the Governor, to allow tax credits of insurance companies to be taken only against insurance premium taxes rather than against insurance privilege taxes. Senator Salisbury seconded the motion. The motion carried.

Senate Bill 73 - An Act enacting the Kansas development finance authority act.

Chairman Winter called the attention of the Committee to the latest balloon version of SB 73 (Attachment I) which contains some suggested changes from the original balloon version which was presented to the Committee at a previous meeting by Allen Bell, Department of Administration.

The Chairman called on Kim Wells, Gaar and Bell, to discuss the suggested changes in the latest balloon version of SB 73. Mr. Wells said that the substance of the changes in the balloon are contained in Riders 1 and 2 of the balloon. He referred to Rider 2 and observed that several counties in Utah are in the process of attempting to market a new type of bond called a Venture Participation Bond. The idea, he said, behind this is to generate money without state tax revenues to invest in new and growing start-up companies. He noted that the suggested amendment to SB 73 as put forth in Rider 2 would allow the state development finance authority to issue this type of bond. He gave an example of how the bond would work as follows: The development authority would issue, for instance, 100 million dollars worth of bonds. The authority would tell the investors, in the prospectus, that if they buy these bonds, the authority will guarantee the investors a base rate of five percent. These would be taxable bonds. The development authority would be required to take about 60 to 65 million dollars of the 100 million dollars raised from the bond issue

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and invest this in higher yielding, very secure investments. This would yield enough money to pay the five percent to the investors. With the remaining 30 to 40 million dollars raised, the development authority would hire a management company of experts to direct the authority in how to invest in stock or debentures of new, start-up companies in the state which might not be able to get credit otherwise. The authority would tell the investors that if it is successful, the stocks turn out to be good, and the companies grow, the investors will be given eighty percent of whatever is made. This would be what is called a contingent interest.

Mr. Wells said, in summary, that this plan involves no state tax dollars. He stated that the plan would raise a pool of money which can be used to provide capital for new or expanding start-up companies.

Chairman Winter pointed out that the Riders to SB 73 would not require the proposed development authority to issue this type of bonds but would allow the authority, if it approved, to issue them.

The Chairman called on Dr. Charles Krider, Institute for Public Policy and Business Research, to address the Committee on SB 73 and on the proposed amendments to the bill. Dr. Krider said that in the Redwood-Krider Report, the shortage of capital in Kansas was identified as the major problem confronting firms which wish to expand or to get started in the state. He stated that SB 73 adds more access of small firms, than they would normally have, to the bond market. SB 73 would enable those firms to tap the bond market in ways they could not do in the absence of a state financing authority. He listed the following as reasons for this:

- (1.) The authority, by allowing pooling of bonds, encourages and makes it easier for some firms to attract investors. It is easier to provide information to the buyers of bonds on a larger volume of activity than if the issue is small.
- (2.) There would be certain economies created by pooling the issuance costs of bonds.
- (3.) Availability of some degree of reserve backing the bonds.
- (4.) Would tap into trends in the financial markets of the United States and perhaps into financial markets internationally. By putting together larger pools of money, additional capital should be attracted into Kansas.
- (5.) A finance authority could do some screening for investors by its knowledge of Kansas and Kansas businesses.

Dr. Krider stated that the concept of SB 73 fits in very well with the state's strategy of fostering small business growth and expansion in overcoming the problem of financing businesses within the state.

Dr. Krider said that the Utah plan sounds like an appropriate option for the development authority to have. He feels that the original version of SB 73 and the Riders do not entail any risk to the state. He stated that the Rider plan would be a creative financing option and would fill a niche between a pure capital investment that is high risk and a bond with a low risk.

Arden Ensley, Revisor of Statutes, explained the balloon version of SB 73, section by section and Allen Bell, Department of Administration, was present to answer questions from Committee members concerning the bill.

Senator Hayden moved to amend SB 73 by striking New Section 2 and further moved that Rider 1, as contained in the balloon version of the bill, not be adopted. Senator D. Kerr seconded the motion. The motion carried.

Senator Hayden moved to amend New Section 3 of SB 73 by adopting the amendments contained in the balloon version of New Section 3. Senator Karr seconded the motion. The motion carried.

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Senator D. Kerr moved to amend New Section 4 of SB 73 by adopting the amendments contained in New Section 4 of the balloon version of the bill. Senator Salisbury seconded the motion. The motion carried.

Senator F. Kerr moved to amend New Section 5 of SB 73 by adopting the amendments contained in New Section 5 of the balloon version of the bill and by changing subsection (i) of the balloon version to provide that the authority could make secured or unsecured loans only for the purposes for which bonds could be issued pursuant to New Section 6 of the bill. Senator Langworthy seconded the motion. The motion carried.

Senator Hayden moved to amend New Section 6 of SB 73 by adopting the amendments contained in New Section 6 of the balloon version of the bill and by adopting Rider 2 of the balloon version of the bill. Senator Langworthy seconded the motion. The motion carried.

Senator F. Kerr moved to amend New Section 8 of SB 73 by adopting the amendments contained in New Section 8 of the balloon version of the bill. Senator Karr seconded the motion. The motion carried.

Senator F. Kerr moved to amend SB 73 by striking all of New Section 9. Senator Hayden seconded the motion. The motion carried.

Senator F. Kerr moved to amend SB 73 by striking all of New Section 14. Senator Salisbury seconded the motion. The motion carried.

Senator F. Kerr moved to amend SB 73 by striking all of New Section 16. Senator Hayden seconded the motion. The motion carried.

Senator F. Kerr moved to amend SB 73 by striking all of New Section 17. Senator Salisbury seconded the motion. The motion carried.

Senator F. Kerr moved to amend New Section 18 of SB 73 by adding Rider 3 of the balloon version of the bill to the section. Senator Langworthy seconded the motion. The motion carried.

Senator Salisbury moved to amend New Section 20 of SB 73 in line 764 by inserting ", director" after the word "officer" and by striking the remainder of the section after the period in line 768. Senator Hayden seconded the motion. The motion carried.

Senator Hayden moved to amend SB 73 by renumbering the sections and by deleting the words "statute book" from line 893 and inserting in lieu thereof the words "Kansas Register". Senator Langworthy seconded the motion. The motion carried.

Senator Karr moved to amend the balloon version of SB 73 in New Section 4 on page 8 by deleting the words "so appointed" from the new wording "Not less than three members of such board shall be representative of the general public and not more than three members so appointed shall be members of the same political party". Senator F. Kerr seconded the motion. The motion carried.

Senator F. Kerr moved to incorporate SB 73 as amended into a Substitute for SB 73 and that the Substitute for SB 73 be recommended favorably for passage. Senator D. Kerr seconded the motion. The motion carried.

The meeting was adjourned at 1:20 p.m. by the Chairman.

Guest List

Senate Economic Development  
Committee  
April 29, 1987

Name

Representing

CHARLES & JOYCE  
Kim Wells  
Jack Ranson  
Allen Bell

KU  
Egan & Bell, K.C. Mo.  
Ranson & Company -  
Wichita  
Dept. of Admin.

# SENATE BILL No. 73

By Legislative Commission on Kansas Economic Development

1-23

017 AN ACT enacting the Kansas development finance authority act;  
018 amending K.S.A. 1986 Supp. 9-1-402 and repealing the existing  
019 section.

020 *Be it enacted by the Legislature of the State of Kansas:*

021 New Section 1. The provisions of this act shall be cited as  
022 the Kansas development finance authority act.

023 New Sec. 2. The legislature hereby finds: ~~^~~

024 ~~(a) That there exists severe economic instability in traditional~~  
025 ~~national and international markets for goods and services pro-~~  
026 ~~duced by the citizens of the state of Kansas. This instability has~~  
027 ~~caused serious economic distress among the citizens of our state~~  
028 ~~and is manifest in the increasing number of business failures and~~  
029 ~~bankruptcies, both personal and corporate, and the extraordi-~~  
030 ~~arily high levels of unemployment in agricultural business and~~  
031 ~~industrial enterprises and in the rapidly rising costs of housing~~  
032 ~~for elderly persons and families of low and moderate income.~~  
033 ~~The continued existence of these conditions is inimical to the~~  
034 ~~public health, welfare, safety, morals and economic security of~~  
035 ~~the citizens and inhabitants of the state.~~

036 (b) That the economic well-being of the citizens of the state  
037 of Kansas will be enhanced by the providing of economical  
038 health care facilities for the benefit of its citizens, by the provid-  
039 ing of educational facilities of every nature and kind, by the  
040 providing of capital improvement facilities for its citizens and by  
041 providing of financial assistance to political subdivisions of  
042 state.

043 For these reasons, the legislature hereby finds that there exists  
044 in the state an immediate and urgent need to provide the means

: Rider 1

*Senate Committee on Economic Development*

*4-29-87*

*Attachment I*

0016 ~~(1) Complement Kansas' private financial institutions to bet~~  
0017 ~~ter serve their customers in ways which contribute to a~~  
0018 ~~strengthened and diversified Kansas economy and which do not~~  
0019 ~~compete with Kansas private financial institutions;~~

0050 (2) restore and revitalize existing agricultural business and  
0051 industrial enterprises for the purpose of retaining existing em-  
0052 ployment within the state;

0053 (3) promote and develop the expansion of existing and the  
0054 establishment of new agricultural business and industrial enter-  
0055 prises for the purpose of further alleviating unemployment  
0056 within the state and for providing additional employment;

0057 (4) promote and target resources of the state to further the  
0058 development of export trade of Kansas products for the purpose  
0059 of the economic development of the state and for providing  
0060 additional employment therefrom;

0061 (5) eliminate the shortage of decent, safe, sanitary and af-  
0062 fordable residential housing for elderly persons and families of  
0063 low and moderate income in the state;

0064 (6) assure the development of reliable, affordable, efficient  
0065 and environmentally compatible sources of energy for all types  
0066 of public and private consumption;

0067 (7) provide health care facilities for the citizens and inhabi-  
0068 tants of the state;

0069 (8) provide capital improvement facilities for the benefit of  
0070 the citizens and inhabitants of the state;

0071 (9) provide educational facilities for educational institutions  
0072 within the state;

0073 (10) provide for short-term advance funding of the obliga-  
0074 tions of local governments throughout the state; and

0075 (11) assist minority business in obtaining loans or other  
0076 means of financial assistance.

0077 It is hereby declared to be the public policy and responsibility  
0078 of this state to promote the health, welfare, safety and economic  
0079 security of its inhabitants through the retention of existing em-  
0080 ployment and alleviation of unemployment in all phases of  
0081 agricultural business and industrial enterprises, the elimination

083 ~~housing for elderly persons and persons of low and moderate~~  
 084 ~~income, for the development of reliable, affordable, efficient and~~  
 085 ~~environmentally compatible sources of energy for all types of~~  
 086 ~~public and private consumption, for health care facilities, for~~  
 087 ~~capital improvement facilities and for educational facilities for~~  
 088 ~~the benefit of educational institutions within the state.~~

089 ~~The legislature finds that the public policies and responsibili-~~  
 090 ~~ties of the state as set forth in this section cannot be fully attained~~  
 091 ~~without the use of public financing and that such public financ-~~  
 092 ~~ing can best be provided by the creation of a state development~~  
 093 ~~finance authority with comprehensive and extensive powers~~  
 094 ~~therein, which authority shall have the power to issue revenue~~  
 095 ~~bonds to provide financing for qualified agricultural business,~~  
 096 ~~industrial enterprises, residential housing, energy enterprises~~  
 097 ~~and facilities and health care, capital improvement and educa-~~  
 098 ~~tional facilities, and that all of the foregoing are public purposes~~  
 099 ~~and uses for which public moneys may be borrowed, expended,~~  
 100 ~~advanced, loaned and granted.~~

0101 New Sec. 3. The following words or terms used in this act  
 0102 shall have the following meanings unless a different meaning  
 0103 clearly appears from the context:

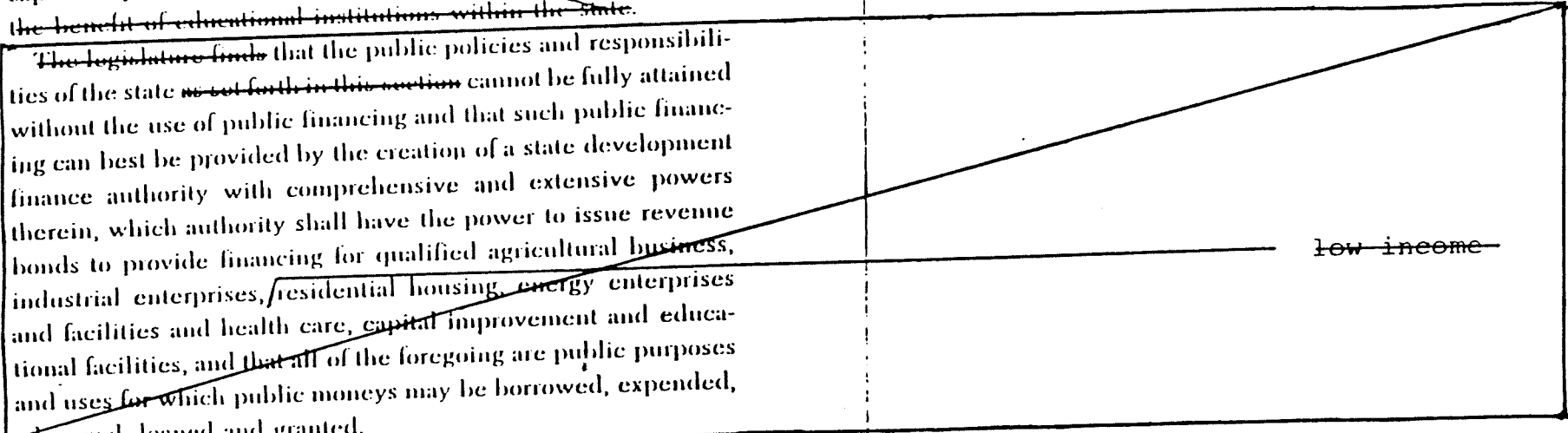
0104 (a) "Act" means the Kansas development finance authority  
 0105 act.

0106 (b) "Authority" means the Kansas development finance au-  
 0107 thority created by section 4.

0108 (c) "Agricultural business enterprises" means facilities sup-  
 0109 porting ~~farms, ranches and other agricultural or silvicultural~~  
 0110 ~~commodity producers, and aquaculture, fish hatchery opera-~~  
 0111 ~~tions and fish farms, and related business and industries, in-~~  
 0112 ~~cluding, but not limited to, grain elevators, shipping yards,~~  
 0113 ~~livestock pens, warehouses and other storage facilities, related~~  
 0114 ~~transportation facilities, drainage facilities and any facilities re-~~  
 01 ~~lated thereto.~~

0115 (d) "Board of directors" means the board of directors of the  
 0117 authority created in section 4.

0118 (e) "Bonds" means any bonds, notes, debentures, interim



or utilized in the operation of

, aquacultural

and services provided in conjunction with the foregoing

0120 lease, lease certificate of participation or other evidences of  
0121 indebtedness, whether or not the interest on which is subject to  
0122 federal income taxation, issued by the authority pursuant to this  
0123 act, ~~except that bonds shall not mean bonds issued by a municipi-~~  
0124 ~~ality which constitute a general obligation of the municipality.~~

0125 (f) "Capital improvements" means ~~whether obtained by~~  
0126 ~~purchase, lease, construction, reconstruction, restoration, im-~~  
0127 ~~provement, alteration, repair or other means,~~ any physical public  
0128 betterment or improvement or any preliminary plans, studies or  
0129 surveys relative thereto; land or rights in land, including, with-  
0130 out limitations, leases, air rights, easements, rights-of-way or  
0131 licenses; and any furnishings, machinery, vehicles, apparatus or  
0132 equipment for any public betterment or improvement ~~which~~  
0133 ~~shall include, without limiting the generality of the foregoing~~  
0134 definition, the following: Any and all facilities for state agen-  
0135 cies, city or town halls, courthouses and other administrative,  
0136 executive or other public offices, court facilities, jails, firefight-  
0137 ing facilities and apparatus, parking garages or other facilities,  
0138 educational and training facilities for public employees, audito-  
0139 riums, stadiums, convention halls and similar public meeting or  
0140 entertainment facilities, civil defense facilities, air and water  
0141 pollution control facilities, drainage and flood control facilities,  
0142 storm sewers, arts and crafts centers, museums, libraries, public  
0143 parks, playgrounds or other public open space, marinas, swim-  
0144 ming pools, tennis courts, golf courses, camping facilities, gym-  
0145 nasiums and other recreational facilities, tourist information and  
0146 assistance centers, historical, cultural, natural or folklore sites,  
0147 fair and exhibition facilities, streets and street lighting, alleys,  
0148 sidewalks, roads, bridges and viaducts, airports, passenger or  
0149 freight terminals, hangars and related facilities, barge terminals,  
0150 ports, harbors, ferries, wharves, docks and similar marine ser-  
0151 vices, slack water harbors, water resource facilities, waterfront  
0152 development and navigation facilities, public transportation fa-  
0153 cilities, public water systems and related transmission and dis-  
0154 tribution facilities, storage facilities, wells, impounding reser-  
0155 voirs, treatment plants, lakes, dams, watercourses and water  
0156 ~~rights conveyance collection systems and treatment plants, public~~



0157 ~~range and storage buildings and facilities, police and sheriff~~  
 0158 ~~stations, apparatus and training facilities, incinerators, garbage~~  
 0159 ~~and solid waste disposal, compacting and recycling facilities of~~  
 0160 ~~every kind and mental and rehabilitative facilities.~~

0161 (g) "Construct" means to acquire or build, in whole or in  
 0162 part, in such manner and by such method, including contracting  
 0163 therefor, and if the latter, by negotiation or bidding upon such  
 0164 terms and pursuant to such advertising as the authority shall  
 0165 determine to be in the public interest and necessary, under the  
 0166 circumstances existing at the time, to accomplish the purposes of  
 0167 and authority set forth in this act.

0168 (h) "Loans" means loans made for the purposes of financing  
 0169 any of the activities authorized within this act, including loans  
 0170 made to financial institutions for funding or as security for loans  
 0171 made for accomplishing any of the purposes of this act and  
 0172 reserves and expenses appropriate or incidental thereto.

0173 (i) "Educational facilities" means real, personal and mixed  
 0174 property of any and every kind intended by an educational  
 0175 institution in furtherance of its educational program, ~~including,~~  
 0176 ~~but not limited to, dormitories, classrooms, laboratories, athletic~~  
 0177 ~~fields, administrative buildings, equipment and other property~~  
 0178 ~~for use therein or thereon.~~

0179 (j) "Facilities" means any real property, personal property or  
 0180 mixed property of any and every kind ~~including, without limiting~~  
 0181 ~~the generality of the foregoing, rights of way, roads, streets,~~  
 0182 ~~pipes, pipelines, reservoirs, utilities, materials, equipment, fix-~~  
 0183 ~~tures, machinery, furniture, furnishings, instrumentalities, and~~  
 0184 ~~other real, personal or mixed property of every kind or any~~  
 0185 ~~preliminary studies and surveys relative thereto.~~

0186 (k) "Health care facilities" means facilities for furnishing  
 0187 physical or mental health care, ~~including, without limitation,~~  
 0188 ~~medical care facilities, other facilities for the diagnostic and~~  
 0189 ~~treatment of any illness or disease, offices and clinics of persons~~  
 0190 ~~licensed to practice medicine and surgery, dentists, optometrists,~~  
 0191 ~~podiatrists, chiropractors and related facilities, adult care homes~~

0194 ~~emergency medical health care and emergency medical services,~~  
 0195 including, but not limited to, ambulances or vehicles specifically  
 0196 designed, equipped and licensed for transporting the sick or  
 0197 injured, emergency medical equipment and supplies, dispatch-  
 0198 ing other communication systems, computers for billing, collec-  
 0199 tion, system design and control and training and administrative  
 0200 facilities.

0201 (l) "Housing development" means any work or undertaking,  
 0202 whether new construction or rehabilitation, which is designed  
 0203 and financed pursuant to the provisions of this act for the primary  
 0204 purpose of providing sanitary, decent and safe dwelling accom-  
 0205 modations for elderly persons and families of low ~~or moderate~~  
 0206 income in need of housing. ~~Such undertaking may include any~~  
 0207 ~~buildings, land, equipment, facilities or other real or personal~~  
 0208 ~~properties~~ which are necessary, convenient or desirable appur-  
 0209 tenances such as, but not limited to, site preparation, landscap-  
 0210 ing and other nonhousing facilities, such as community and  
 0211 recreational facilities, as the authority determines to be neces-  
 0212 sary, convenient or desirable appurtenances, retirement homes,  
 0213 centers and related facilities, adult care homes and related facil-  
 0214 ities, ~~and long-term or life care facilities for the elderly or dis-~~  
 0215 ~~abled;~~

0216 (m) "Industrial enterprise" means facilities for manufactur-  
 0217 ing, producing, processing, assembling, repairing, extracting,  
 0218 warehousing, distributing, communications, computer services,  
 0219 transportation, corporate and management offices and services  
 0220 provided in connection with any of the foregoing, in isolation or  
 0221 in any combination, that involve the creation of new or addi-  
 0222 tional employment or the retention of existing employment ~~and~~  
 0223 ~~industrial parks, except that a shopping center, retail store or~~  
 0224 ~~shop or other similar undertaking which is solely or predomi-~~  
 0225 ~~nantly of a commercial retail nature shall not be an industrial~~  
 0226 ~~enterprise for the purposes of this act.~~

0227 (n) "Political subdivision" means political or taxing subdivi-  
 0228 sions of the state, including boards, commissions, authorities,  
 0229 councils, committees, subcommittees and other subordinate

municipal and quasi-municipal  
 corporations,

(o) "Pooled bonds" means bonds of the authority, the interest on which is subject to federal income taxation, which are issued for the purpose of acquiring bonds issued by two or more political subdivisions.

and supported, in whole or in part, by public funds.  
(r) "Short-term advance funding" means the financing of temporary cash shortfalls of political subdivisions based on the political subdivision's projected monthly income and expenditures and its surplus at the beginning of each fiscal year, and such shortfall is the result of the political subdivision's projected income being insufficient to meet the needs of its estimated expenditures, even though the aggregate income will exceed the aggregate expenditures for the fiscal year.

(r) "State" means the state of Kansas.  
(r) "State agency" means any office, department, board, commission, bureau, division, public corporation, agency or instrumentality of this state.

(r) "Intergovernmental agreement" means any service contract entered into by a contracting party which establishes a permanent or perpetual relationship thereby obligating the financial resources of the contracting party.  
(s) "Permanent or perpetual relationship" means any agreement exhibiting an effective duration greater than one year, 12 calendar months or an agreement exhibiting no fixed duration but where the apparent intent to such agreement is to establish a permanent or perpetual relationship.

New Sec. 4. (a) There is hereby created, with such duties and powers as are hereinafter set forth to carry out the provisions of this act, a public body politic and corporate, with corporate succession, to be an independent instrumentality/exercising essential public functions, and to be known as the Kansas development finance authority.

(b) The board of directors of the authority shall consist of the secretary of the department of ~~revenue~~ and ~~10 public members~~ to be appointed by the governor, ~~with the advice and consent of the senate, except that the members appointed by the governor shall be residents of the state, shall have been qualified electors therein for at least one year preceding the time of appointment and shall be recognized by their peers as outstanding in the field of government or development finance. Each con-~~

(r)

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of this state

commerce

four

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0268 ~~public member of the board of directors of the authority. One~~  
 0269 ~~public member of the board of directors shall be a representative~~  
 0270 ~~of the agricultural business enterprise industry, and one public~~  
 0271 ~~member shall be a representative of the state's elderly popula-~~  
 0272 ~~tion.~~

0273 The governor shall appoint two public members of the board  
 0274 ~~for a term of ~~one year, two for a term of two years, three for a term~~~~  
 0275 ~~of three years, and three for a term of four years, and thereafter,~~  
 0276 upon the expiration of such terms, public members shall be  
 0277 appointed for a term of four years.

0278 Each board member shall hold office for the term of such  
 0279 member's appointment and until such member's successor shall  
 0280 have been appointed and qualified. Any vacancy in the board  
 0281 occurring other than by expiration of term shall be filled by the  
 0282 appointment of the governor, but for the unexpired term only.

0283 ~~(c) Each appointed public board member may be removed~~  
 0284 ~~from office by the governor, for cause, after a public hearing, and~~  
 0285 ~~may be suspended by the governor pending the completion of~~  
 0286 ~~such hearing. Each board member, before entering upon such~~  
 0287 ~~member's duties, shall take and subscribe an oath to perform the~~  
 0288 ~~duties of office faithfully, impartially and justly to the best of~~  
 0289 ~~such member's ability. A record of such oath shall be filed in the~~  
 0290 ~~office of the secretary of state.~~

0291 (d) The authority shall have such rights, powers and privi-  
 0292 leges and shall be subject to such duties as provided by this act.  
 0293 ~~The board of directors, from the public members of the board~~  
 0294 ~~appointed by the governor, annually and at such other times as~~  
 0295 ~~may be deemed appropriate by the board of directors, shall elect~~  
 0296 ~~one of their members as a chairperson and one of their members~~  
 0297 ~~as a vice chairperson. The board of directors shall also employ a~~  
 0298 president who shall serve at the will of the governor.

0299 The ~~board~~ shall appoint and employ such additional officers,  
 0300 accountants, financial advisors or experts, bond counsel or other  
 0301 attorneys, agents and employees as it may require and shall  
 0302 determine their qualifications, duties and compensation. Presi-  
 0303 ~~dentally, the authority will receive submission of bond counsel or~~  
 0304 ~~other attorneys to insure that legal representatives are calculated~~

Not less than three members of such board shall be representative of the general public and not more than three members so appointed shall be members of the same political party.

two

, subject to confirmation by the senate

(c) The governor shall designate the chairperson and vice-chairperson of the board from the members of such board.

governor shall appoint

president

subject to the approval of the board of directors

0305 ~~is a manner that will provide the authority with competent,~~  
 0306 ~~constitutional legal representation which further the best interest~~  
 0307 ~~of the authority.~~ The president shall be an ex officio nonvoting  
 0308 member of the board and may be elected secretary of the board.

0309 The powers of the authority shall be vested in the members of  
 0310 the board of directors and ~~at~~ members of the board shall consti-  
 0311 tute a quorum at any meeting thereof. Action may be taken and  
 0312 motions and resolutions adopted by the board at any meeting  
 0313 thereof by the affirmative vote of a majority of present and voting  
 0314 board members. Any motion and resolution to authorize an issue  
 0315 of bonds, to approve a loan application, to authorize a lease

0316 transaction or to approve a bond guaranty shall have the affirma-  
 0317 tive vote of at least ~~six~~ board members. ~~No vacancy in the~~  
 0318 ~~membership of the board shall impair the right of a quorum of~~  
 0319 ~~the members to exercise all the powers and perform all duties of~~  
 0320 ~~the board.~~

0321 (e) Before the issuance of any bonds, each member of the  
 0322 board of directors of the authority shall execute a surety bond in  
 0323 the penal sum of \$250,000 and the president of the authority  
 0324 shall execute a surety bond in the penal sum of \$250,000, each  
 0325 surety bond to be conditioned upon the faithful performance of  
 0326 the duties of the office by such board member or president, as  
 0327 the case may be, to be executed by a surety company authorized  
 0328 to transact business in the state of Kansas, as surety, and to be  
 0329 approved by the attorney general. At all times after the issuance  
 0330 of any bonds by the authority, each member of the board of  
 0331 directors of the authority shall maintain such surety bonds in full  
 0332 force and effect. All costs of such surety bonds shall be borne by  
 0333 the authority.

0334 (f) The members of the board of directors of the authority  
 0335 shall serve without compensation, but the authority may reim-  
 0336 burse its board members for actual expenses necessarily in-  
 0337 curred in the discharge of their official duties.

0338 (g) No part of the funds of the authority shall inure to the  
 0339 benefit of, or be distributed to, its employees, officers or board of  
 0340 directors, except that the authority shall be authorized and em-

three

three

0312 (h) The authority may be dissolved by act of the legislature  
 0313 on condition that the authority has no debts or obligations out-  
 0314 standing or provision has been made for the payment or retire-  
 0315 ment of such debts or obligations. Upon any such dissolution of  
 0316 the authority, all property, funds and assets thereof shall be  
 0317 vested in the state.

0318 New Sec. 5. Except as otherwise limited by this act, the  
 0319 authority shall have the following powers to:

- 0320 (a) Sue and be sued;
- 0321 (b) have a seal and alter the same at its pleasure;
- 0322 (c) make and alter bylaws for its organization and internal  
 0323 management;

0324 (d) make and issue such rules and regulations as may be  
 0325 necessary to carry out the purposes of this act;

0326 (e) acquire, hold and dispose of real and personal property  
 0327 for its corporate purposes;

0328 (f) appoint officers, agents and employees, prescribe their  
 0329 duties and qualifications and fix their compensation;

0330 (g) borrow money and to issue notes, bonds and other obli-  
 0331 gations ~~whether or not the interest on which is subject to federal~~  
 0332 income taxation, and to provide for the rights of the lenders or  
 0333 holders thereof;

0334 ~~(h) issue bonds on behalf of state agencies and political~~  
 0335 ~~subdivisions;~~

0336 (i) issue bonds to provide financing for a specific activity or  
 0337 particular project authorized herein or to provide, on a pooled or  
 0338 consolidated basis, financing for a group of state agencies or  
 0339 political subdivisions of the state for activities or projects autho-  
 0340 rized hereunder which shall be secured by and payable solely  
 0341 from the bonds, lease payments or other obligations issued by or  
 0342 payable to the state agencies or political subdivisions of the state  
 0343 and the security and sources of payments thereof. Prior to the  
 0344 agreement of a financial institution to serve as trustee, paying

0345 agent or in any fiduciary capacity in connection with any pro-  
 0346 gram, indenture or general resolution of the authority, the au-  
 0347 thority shall ~~prepare proposals for such services and the selection~~

ad ( (

pursuant to section 6

5

0379 ~~response to such request which in the most economical and in~~  
 0380 ~~the best interest of the authority;~~ (h)  
 0381 ~~(g)~~ purchase notes or participations in notes evidencing loans  
 0382 which are secured by mortgages or security interests and to enter  
 0383 into contracts in that regard;  
 0384 ~~(k)~~ make secured or unsecured loans, including loans made (i)  
 0385 ~~to financial institutions to receive loans made by the financial~~  
 0386 ~~institutions to qualifying agricultural business enterprises, capi-~~  
 0387 ~~tal improvements, educational facilities, energy enterprises,~~  
 0388 ~~health care facilities, housing developments, industrial enter-~~  
 0389 ~~prises and short-term advance funding of local government obli-~~  
 0390 ~~gations. Prior to the making of any loan for qualifying agricultural~~  
 0391 ~~business enterprises or industrial enterprises, such loan transac-~~  
 0392 ~~tion shall be recommended to the authority by a financial insti-~~  
 0393 ~~tution or investment bank;~~  
 0394 ~~(l)~~ sell mortgages and security interests at public or private (j)  
 0395 sale, to negotiate modifications or alterations in mortgage and  
 0396 security interests, to foreclose on any mortgage or security inter-  
 0397 est in default or commence any action to protect or enforce any  
 0398 right conferred upon it by any law, mortgage, security agree-  
 0399 ment, contract or other agreement, and to bid for and purchase  
 0400 property which was the subject of such mortgage or security  
 0401 interest at any foreclosure or at any other sale, to acquire or take  
 0402 possession of any such property, and to exercise any and all  
 0403 rights as provided by law for the benefit or protection of the  
 0404 authority or mortgage holders;  
 0405 ~~(m)~~ collect fees and charges in connection with its loans, (k)  
 0406 bond guarantees, commitments and servicing, including, but not  
 0407 limited to, reimbursement of costs of financing as the authority  
 0408 shall determine to be reasonable and as shall be approved by the  
 0409 authority;  
~~(n)~~ make and execute contracts for the servicing of mortgages (l)  
 acquired by the authority pursuant to this act, and to pay the  
 0412 reasonable value of services rendered to the authority pursuant  
 0413 to those contracts;  
 and other aid from the federal (m)

except that nothing in this act shall be construed to authorize the authority to make loans directly to individuals to finance housing developments

0116 of the state, or any person or corporation, foundation or legal  
0117 entity, and to agree to and comply with any conditions attached  
0418 to federal and state financial assistance not inconsistent with the  
0419 provisions of this act;

0120 ~~(n)~~ invest moneys of the authority not required for immediate  
0121 use, including proceeds from the sale of any bonds, in such  
0122 manner as the board shall determine, subject to any agreement  
0123 with bondholders stated in the authorizing resolution providing  
0124 for the issuance of bonds;

(n)

0125 ~~(o)~~ procure insurance against any loss in connection with its  
0126 programs, property and other assets;

(o)

0127 ~~(p)~~ provide technical assistance and advice to the state or  
0128 political subdivisions of the state and to enter into contracts with  
0129 the state or political subdivisions of the state to provide such  
0430 services. The state or political subdivisions of the state are  
0431 hereby authorized to enter into contracts with the authority for  
0432 such services and to pay for such services as may be provided  
0433 them;

(p)

0131 ~~(c) (1) contract, cooperate or join any one or more other~~  
0135 governments or public agencies, any political subdivisions of the  
0136 state or the United States to perform any administrative service,  
0137 activity or undertaking which any such contracting party is  
0438 authorized by law to perform, including the issuance of bonds.  
0139 Such intergovernmental agreements shall be authorized by or-  
0440 dinance or resolution of the contracting party. Any intergovern-  
0441 mental agreement enacted may provide for the contracting party  
0442 to:

0443 (A) Cooperate in the exercise of any function, power or re-  
0444 sponsibility;

0445 (B) share the services of any officer, department, board, em-  
0446 ployee or facility; and

0447 (C) transfer or delegate any function, power, responsibility or  
0448 duty.

0449 (2) An intergovernmental agreement shall be authorized and  
0450 approved by the governing body of each party to the agreement,  
0451 shall set forth fully the purposes, powers, rights, obligations and

ater



0153 following:

0154 (A) Its duration;

0155 (B) the precise organization, composition and nature of any  
0156 separate legal entity created;

0157 (C) the purpose or purposes of the intergovernmental agree-  
0158 ment;

0159 (D) the manner of financing the joint or cooperative under-  
0160 taking and establishing and maintaining a budget;

0161 (E) the permissible method or methods to be employed in  
0162 accomplishing the partial or complete termination of an agree-  
0163 ment and for disposing of property upon partial or complete  
0164 termination. The method or methods for termination shall in-  
0165 clude a requirement of six months' written notification of the  
0166 intent to withdraw by the governing body of the public agency  
0167 wishing to withdraw;

0168 (F) provision for an administrator or a joint board responsible  
0169 for administering the joint or cooperative undertaking, including  
0170 representation of the contracting parties on the joint board;

0171 (G) the manner of acquiring, holding and disposing of real  
0172 and personal property used in the joint or cooperative undertak-  
0173 ing; and

0174 (H) any other necessary and proper matters.

0175 (3) Every agreement, prior to and as a condition precedent to  
0176 its final adoption and performance, shall be submitted to the  
0177 attorney general who shall determine whether the agreement is  
0178 in proper form and compatible with the laws of the state of  
0179 Kansas. The attorney general shall approve any agreement sub-  
0180 mitted unless the attorney general finds it does not meet the  
0181 conditions set forth in this section and shall detail in writing  
0182 addressed to the governing bodies of the public agencies con-  
0183 cerned the specific respects in which the proposed agreement  
fails to meet the requirements of law. Failure to disapprove an  
0186 approval;

0187 (1) undertake and carry out studies and analyses of agricul-  
tural, industrial health care, housing, energy, educa-

0190 ~~advance funding needs within the state and ways of meeting~~  
0191 ~~such needs;~~

0192 ~~(u) establish accounts in one or more depositories;~~ (q)

0193 ~~(v) lease, acquire, construct, sell and otherwise deal in and~~ (r)

0194 ~~contract concerning any facilities, and to accept funds for and~~

0195 ~~participate in federal and other governmental programs estab-~~

0196 ~~lished for the purpose of the promotion and development of~~

0197 ~~agricultural business, industry, the provision of decent, safe and~~

0198 ~~sanitary housing, health care, education, tourism and capital~~

0199 ~~improvements and related matters;~~

0500 ~~(w) have and exercise all of the powers granted to the public~~ (s)

0501 ~~housing authorities by the state, except that the authority shall~~

0502 ~~not have the power of eminent domain;~~

0503 ~~(x) do any and all things necessary or convenient to carry out~~ (t)

0504 ~~its purposes and exercise the powers given and granted in this~~

0505 ~~act;~~

0506 ~~(y) assist minority businesses in obtaining loans or other~~ (u)

0507 ~~means of financial assistance. The terms and conditions of such~~

0508 ~~loans or financial assistance, including the charges for interest~~

0509 ~~and other services, will be consistent with the provisions of this~~

0510 ~~act. In order to comply with this requirement, efforts must be~~

0511 ~~made to solicit for review and analysis proposed minority busi-~~

0512 ~~ness ventures. Basic loan underwriting standards will not be~~

0513 ~~waived to inconsistently favor minority persons or businesses~~

0514 ~~from the intent of the authority's lending practices.~~

0515 ~~New Sec. 6. (a) The authority is hereby authorized and emp-~~

0516 ~~owered to issue bonds from time to time, whether or not the~~

0517 ~~interest on which is subject to federal income taxation, either for~~

0518 ~~a specific activity or for a particular project or on a pooled or~~

0519 ~~consolidated basis for a series of related or unrelated activities or~~

0520 ~~projects authorized by a group of state agencies or political~~

0521 ~~subdivisions of the state in such amounts as shall be determined~~

0522 ~~the authority for the purpose of financing qualified agricul-~~

0523 ~~tural business enterprises, capital improvement facilities, edu-~~

0524 ~~cational facilities, health care facilities, housing developments,~~

0525 ~~industrial enterprises and short term advance funding of politi-~~

New Sec. 6. (a) The authority is hereby authorized and empowered to issue bonds, either for a specific activity or on a pooled basis for a series of related or unrelated activities or projects duly authorized by a political subdivision or group of political subdivisions of the state in such amounts as shall be determined by the authority for the purpose of financing capital improvement facilities, educational facilities, health care facilities, housing developments, and short term advance funding of political subdivision obligations. Nothing in this act shall be construed to authorize the authority to issue bonds or use the proceeds thereof to (1) purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility or (2) finance any capital improvement facilities, educational facilities, or health care facilities which are authorized under the laws of the state to be financed by the

and

0527 ~~any interest in facilities, including without limitation, lease-~~  
 0528 hold interests in and mortgages on such facilities, except that  
 0529 nothing in this act shall be construed to authorize the authority to  
 0530 issue or sell revenue bonds or use the proceeds thereof to  
 0531 purchase, condemn, or otherwise acquire a utility plant or dis-  
 0532 tribution system owned or operated by a regulated public utility.  
 0533 The authority is authorized and empowered to use the proceeds  
 0534 of any bond issues, together with any other available funds, for  
 0535 making loans, purchasing mortgages or security interests in loan  
 0536 participations as herein authorized and paying all incidental  
 0537 expenses in connection therewith, paying expenses of authoriz-  
 0538 ing and issuing the bonds, paying interest on the bonds until  
 0539 revenues thereof are available in sufficient amounts, and funding  
 0540 such reserves as the authority deems necessary and desirable.  
 0541 All moneys received by the authority, other than moneys re-  
 0542 ceived by virtue of an appropriation, are hereby specifically  
 0543 declared to be cash funds, restricted in their use and to be used  
 0544 solely as provided herein. No moneys of the authority other than  
 0545 moneys received by appropriation shall be deposited with the  
 0546 state treasurer.  
 0547 (b) The authority, when requested to do so by a state agency  
 0548 or a political subdivision, is hereby authorized and empowered  
 0549 to engage an underwriter or underwriters to facilitate the is-  
 0550 suance and sale of bonds to accomplish the financing of a specific  
 0551 activity or a particular project of such state agency or political  
 0552 subdivision permitted to be financed hereunder or other activi-  
 0553 ties and projects for which no state agency or political subdivi-  
 0554 sion is authorized by law to obtain such financing which the  
 0555 authority determines to be consistent with the purposes of this  
 0556 act. In the furtherance thereof, the authority is also authorized  
 0557 and empowered to engage in connection therewith such legal  
 0558 counsel and other experts as may be recommended by such  
 0559 underwriter or underwriters.  
 0560 (c) No less than 30 days prior to the issuance of any bonds  
 0561 authorized under this act with respect to any project or activity  
 0562 which is to be undertaken for the direct benefit of any person or

revenue bonds of a political subdivision,  
 except that the acquisition by the authority  
 of general obligation or utility revenue  
 bonds issued by political subdivisions with  
 the proceeds of pooled bonds shall not  
 violate the provisions of the foregoing.

(b) The authority is hereby authorized  
 and empowered to issue bonds for activities  
 and projects of state agencies as requested  
 by the secretary of administration. No bonds  
 may be issued pursuant to this act for any  
 activity or project of a state agency unless  
 the activity or project either has been  
 approved by an appropriation or other act of  
 the legislature or has been approved by the  
 state finance council acting on this matter  
 which is hereby characterized as a matter of  
 legislative delegation and subject to the  
 guidelines prescribed in subsection (c) of  
 K.S.A. 75-3711c and amendments thereto. When  
 requested to do so by the secretary of  
 administration, the authority is further  
 authorized and empowered to issue bonds for  
 the purpose of refunding, whether at maturity  
 or in advance of maturity, any outstanding  
 bonded indebtedness of any state agency. The  
 revenues of any state agency which are  
 pledged as security for any bonds of such  
 state agency which are refunded by refunding  
 bonds of the authority may be pledged to the  
 authority as security for the refunding  
 bonds.

(c) The authority is hereby authorized  
 and empowered to issue bonds for the purpose  
 of financing industrial enterprises,  
 agricultural business enterprises,  
 educational facilities, health care  
 facilities and housing developments, or any  
 combination of such facilities, or any  
 interest in facilities, including without  
 limitation leasehold interests in and  
 mortgages on such facilities. No less than 30  
 days prior to the issuance of any bonds  
 authorized under this act with respect to any  
 project or activity which is to be undertaken  
 for the direct benefit of any person or  
 entity which is not a state agency or a

financing and issue bonds therefor shall be given by the president of the authority to the governing body of the city in which the project or activity is to be located, or, if the project or activity is not proposed to be located within a city, such notice shall be given to the governing body of the county. No bonds for the financing of the project or activity shall be issued by the authority for a one-year period if, within 15 days after the giving of such notice, the governing body of the political subdivision in which the project or activity is proposed to be located shall have duly enacted an ordinance or resolution stating express disapproval of the project or activity and shall have notified the president of the authority of such disapproval.

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(a) The authority is hereby authorized and empowered to use the proceeds of any bond issues herein authorized, together with any other available funds, for purchasing, leasing, constructing, restoring, renovating, altering or repairing facilities as herein authorized, for making loans, purchasing mortgages or security interests in loan participations and paying all incidental expenses therewith, paying expenses of authorizing and issuing the bonds, paying interest on the bonds until revenues thereof are available in sufficient amounts, purchasing bond insurance or other credit enhancements on the bonds, and funding such reserves as the authority deems necessary and desirable. All moneys received by the authority, other than moneys received by virtue of an appropriation, are hereby specifically declared to be cash funds, restricted in their use and to be used solely as provided herein. No moneys of the authority other than moneys received by appropriation shall be deposited with the state treasurer.

venture capital investments or for

~~notice of the intention of the authority to provide financing and issue bonds therefor shall be given by the president of the authority to the municipality in which the project or activity is to be located, or, if the project or activity is not proposed to be located within a municipality, such notice shall be given to the county judge of the county. No bonds for the financing of the project or activity shall be issued by the authority or any other political subdivision or instrumentality of the state for a one-year period if, within 15 days after the giving of such notice, the legislative body of the political subdivision in which the project or activity is proposed to be located shall have duly enacted an ordinance or resolution stating express disapproval by the legislative body of the project or activity and the reasons therefor. Such disapproval shall not be effective unless a certified copy of such ordinance or resolution shall have been delivered to the president of the authority within 20 days of the giving of notice by the president as herein required. Any notice required by this section may be given by the mailing or actual delivery thereof to the proper person, and it shall be conclusively presumed that any notice given by mail, with proper postage prepaid, has been timely received by the addressee, except that, it shall not be necessary to give the notice provided for herein if the project or activity is of such a nature that a public hearing has been held in the affected political subdivision with respect thereto and approval given in the manner required by section 102(1) of the internal revenue code of 1954, as amended.~~

New Sec. 7. (a) Bonds issued shall be authorized by resolution of the authority. The bonds may be issued as registered bonds or coupon bonds, payable to bearer, and, if coupon bonds, may be registrable as to principal only or as to principal and interest, and may be made exchangeable for bonds of another denomination or in another form. The bonds may be in such form and denominations, may have such date or dates, may be stated to mature at such time or times, may bear interest payable at such times and at such rate or rates, may be payable at such places within or without the state, may be subject to such terms of redemption in advance of maturity at such prices, and may

0601 contain such terms and conditions, all as the authority shall  
0602 determine. The bonds shall have all the qualities of and shall be  
0603 deemed to be negotiable instruments under the laws of the state  
0604 of Kansas, subject to provisions as to registration as set forth  
0605 above. The authorizing resolution may contain any other terms,  
0606 covenants and conditions that the authority deems reasonable  
0607 and desirable, including without limitation those pertaining to  
0608 the maintenance of various funds and reserves, the nature and  
0609 extent of any security for payment of the bonds, the custody and  
0610 application of the proceeds of the bonds, the collection and  
0611 disposition of revenues, the investing for authorized purposes,  
0612 and the rights, duties and obligations of the authority and the  
0613 holders and registered owners of the bonds.

0614 (b) The authorizing resolution may provide for the execution  
0615 of a trust indenture between the authority and any financial  
0616 institution within or without the state of Kansas. The trust in-  
0617 denture may contain any terms, covenants and conditions that  
0618 are deemed desirable by the authority, including without limi-  
0619 tation those pertaining to the maintenance of various funds and  
0620 reserves, the nature and extent of any security for the payment of  
0621 the bonds, the custody and application of the proceeds of the  
0622 bonds, the collection and disposition of revenues, the investing  
0623 and reinvesting of any moneys during periods not needed for  
0624 authorized purposes, and the rights, duties and obligations of the  
0625 authority and the holders and registered owners of the bonds.

0626 (c) Any authorizing resolution and trust indenture relating to  
0627 the issuance and security of the bonds shall constitute a contract  
0628 between the authority and holders and registered owners of the  
0629 bonds, which contract, and all covenants, agreements and obli-  
0630 gations therein, shall be promptly performed in strict compliance  
0631 with the terms and provisions of such contract, and the cove-  
0632 nants, agreements and obligations of the authority may be en-  
0633 forced by mandamus or other appropriate proceeding at law or in  
0634 equity.

0635 New Sec. 8. (a) The bonds may be sold in such manner,  
0636 either at public or private sale and upon such terms as the

0638 effectuating the purposes for which the authority was created.  
0639 The bonds may be sold at such price as the authority may accept,  
0640 including sale at discount.

0641 (b) The bonds shall be executed by manual or facsimile  
0642 signatures of the chairperson of the board of directors and the  
0643 president of the authority or of any other director or officer of the  
0644 authority authorized to make such signature by resolution of the  
0645 board of directors. In case any of the officers whose signatures  
0646 appear on the bonds or coupons shall cease to be such officers  
0647 before delivery of such bonds or coupons, their signatures,  
0648 nevertheless, shall be valid and sufficient for all purposes. The  
0649 authority shall adopt and use a seal in the execution and issuance  
0650 of the bonds, and each bond shall be impressed or imprinted  
0651 with the seal of the authority.

0652 (c) It shall be plainly stated on the face of each bond that it  
0653 has been issued under this act, that the bonds shall be obliga-  
0654 tions only of the authority, and that, in no event, shall the bonds  
0655 constitute an indebtedness of the state of Kansas or an indebt-  
0656 edness for which the faith and credit of the state of Kansas ~~or any~~  
0657 ~~of its revenues~~ are pledged ~~or an indebtedness secured by lien~~  
0658 ~~on or a security interest in any property of the state~~. The payment  
0659 of the principal of, redemption premium, if any, or interest on the  
0660 trustee's and paying agent's fees in connection with the bonds  
0661 may be secured by a lien on and security interest in facilities  
0662 financed by bonds issued hereunder, by lien or pledge of loans  
0663 made or mortgages purchased by the authority and any collateral  
0664 security received by the authority, including without limitation  
0665 the authority's interest in and any revenue derived from any loan  
0666 agreements. It shall not be necessary to the perfection of the lien  
0667 and pledge for such purposes that the trustee in connection with  
0668 such bond issue or the holders of the bonds take possession of  
0669 the loans, mortgages and collateral security.

~~0670 New Sec. 9. When gubernatorial approval is required by the~~  
~~provisions of the tax equity and fiscal responsibility act of 1982,~~  
0672 or any other federal or state law, the governor is hereby autho-  
0673 rized to approve the issuance of bonds by the authority upon  
0674

or taxing powers

0675 ~~Each written request shall state that the authority has~~  
 0676 ~~conducted a public hearing, pursuant to appropriate public no-~~  
 0677 ~~tice, concerning the purposes for which the bonds are to be~~  
 0678 ~~issued, shall contain a description of the project or projects to be~~  
 0679 ~~financed and shall describe the method of financing the project~~  
 0680 ~~or projects. The written request shall also summarize the com-~~  
 0681 ~~ments made and questions posed at the public hearing.~~

0682 ~~New Sec. 10. Any bonds issued under the provisions of this~~  
 0683 ~~act and the interest paid thereon, unless specifically declared to~~  
 0684 ~~be taxable in the authorizing resolution, shall be exempt from all~~  
 0685 ~~state, county and municipal taxes, and the exemption shall in-~~  
 0686 ~~clude income, inheritance and property taxes.~~

0687 ~~New Sec. 11. Any pledge of revenues, moneys, funds or~~  
 0688 ~~other property made by the authority shall be valid and binding~~  
 0689 ~~from the time when such pledge is made and the revenues,~~  
 0690 ~~moneys, funds or other property so pledged and thereafter re-~~  
 0691 ~~ceived by the authority shall immediately be subject to the lien~~  
 0692 ~~of such pledge without such physical delivery thereof or further~~  
 0693 ~~act on the part of the authority, and the lien of any such pledge~~  
 0694 ~~shall be valid and binding as against all parties having claims of~~  
 0695 ~~any kind in tort, contract or otherwise against the authority,~~  
 0696 ~~irrespective of whether such parties have notice thereof. Neither~~  
 0697 ~~the authorizing resolution nor any other instrument by which a~~  
 0698 ~~pledge is created need be filed or recorded except in the records~~  
 0699 ~~of the authority.~~

0700 ~~New Sec. 12. No director or officer of the authority shall be~~  
 0701 ~~liable personally for any reason arising from the issuance of~~  
 0702 ~~bonds hereunder unless such person acted with a corrupt intent.~~

0703 ~~New Sec. 13. The authority may create and establish one or~~  
 0704 ~~more special funds or accounts as appropriate to secure bonds~~  
 0705 ~~issued hereunder, as determined by the authority.~~

0707 ~~New Sec. 14. All revenues received by the authority, except~~  
 0708 ~~revenues derived from appropriations, are hereby specifically~~  
 0709 ~~declared to be cash funds restricted in their use, and dedicated~~  
 0709 ~~and to be used solely as provided in this act. The pledged~~

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10

11

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~~12 amount or accounts in such depository or depositories as shall be  
 13 specified by resolution of the authority and used by the authority  
 14 solely for the purpose of carrying out the provisions of this act  
 15 and in conformity with the provisions of any resolution or any  
 16 indenture securing bonds of the authority or other agreement  
 17 entered into by the authority pursuant to the provisions of this  
 18 act. Any revenues at any time held by the authority in excess of  
 19 the amount necessary to accomplish the purposes of this act and  
 20 to comply with all covenants and agreements of the authority  
 21 relating thereto may by resolution of the board of directors be  
 22 declared to be surplus moneys and may be designated for de-  
 23 posit to such other fund or funds as the legislature may deem  
 24 appropriate.~~

5 New Sec. 15. Bonds may be issued for the purpose of re-  
 6 funding, either at maturity or in advance of maturity, any bonds  
 7 issued under this act. Such refunding bonds may either be sold  
 8 or delivered in exchange for the bonds being refunded. If sold,  
 9 the proceeds may either be applied to the payment of the bonds  
 10 being refunded or deposited in trust and there maintained in  
 11 cash or investments for the retirement of the bonds being re-  
 12 funded, as shall be specified by the authority and the authorizing  
 13 resolution or trust indenture securing such refunding bonds. The  
 14 authorizing resolution or trust indenture securing the refunding  
 15 bonds may provide that the refunding bonds shall have the same  
 16 security for their payment as provided for the bonds being  
 17 refunded. Refunding bonds shall be sold and secured in accord-  
 18 ance with the provisions of this act pertaining to the sale and  
 19 security of the bonds.

~~20 New Sec. 16. Bonds issued under the provisions of this act  
 shall be eligible to secure the deposit of public funds under  
 article 14 of chapter 9 of the Kansas Statutes Annotated.~~

~~21 New Sec. 17. Any municipality, or any board, commission or  
 authority duly established by ordinance of any municipal-  
 the boards of trustees, respectively, of any local police or  
 fire pension plan, as defined in K.S.A. 19-5001, and amendments  
 thereto, or the board of trustees of any retirement system created~~

13



0749 ~~invest any of its funds not immediately needed for its purposes,~~  
0750 ~~in bonds issued under the provisions of this act.~~

0751 New Sec. 18. On or before the last day of January in each 14  
0752 year, the authority shall make an annual report of its activities for  
0753 the preceding calendar year to the governor and to the legisla-  
0754 ture. Such report shall contain an audit of the preceding calendar  
0755 year, prepared by a firm of nationally recognized certified public  
0756 accountants.

0757 New Sec. 19. All officers, departments, boards, agencies, 15  
0758 divisions and commissions of the state are hereby authorized and  
0759 empowered to render any and all of such services to the authority  
0760 as may be within the area of their respective governmental  
0761 functions as fixed or established by law, and as may be required  
0762 by the authority. The cost and expenses of any such services  
0763 shall be met and provided by the authority.

0764 New Sec. 20. ~~(a) No officer or employee of the authority for~~ 16  
0765 ~~purpose of personal gain shall have or attempt to have, directly or~~  
0766 ~~indirectly, any interest in any contract or agreement of the~~  
0767 ~~authority in connection with the sale or purchase of any bonds or~~  
0768 ~~investments of the authority. The legislature hereby finds and~~  
0769 ~~declares, in furtherance of the public purposes set forth in~~  
0770 ~~section 4, that it shall not be deemed a violation of the provisions~~  
0771 ~~of this section if any member of the board of directors, or any firm~~  
0772 ~~owned by such member or by which such member is employed,~~  
0773 ~~shall participate in any program of the authority provided that~~  
0774 ~~such participation shall be on the same terms and subject to the~~  
0775 ~~same conditions governing all other participants in such pro-~~  
0776 ~~gram.~~

0777 (b) Any member, officer, employee or agent of the authority  
0778 who shall be found guilty of violating the provisions of this  
0779 section shall be barred from public employment in the state in  
0780 any capacity whatsoever for a period of five years from the date  
such person was adjudged guilty of such violation, in addition to  
~~such other penalties as may be provided by law.~~

0783 New Sec. 21. This act shall be liberally construed. Nothing 17  
0784 contained herein is or shall be construed as a restriction or

*Rider 3*

786 have under any other law of this state, and the provisions of this  
 787 act are cumulative to such powers. The provisions hereof do and  
 788 shall be construed to provide a complete, additional and alter-  
 789 native method for the doing of the things authorized and shall be  
 790 regarded as supplemental and additional to powers conferred by  
 791 any other laws. The issuance of bonds under the provisions  
 792 hereof need not comply with the requirements of any other state  
 793 laws applicable to the issuance of bonds, notes and other obli-  
 794 gations and it shall not be necessary to comply with general  
 795 provisions of other laws dealing with public facilities, their  
 796 acquisition, construction, leasing, encumbering or disposition.  
 797 No proceedings, notice or approval shall be required for the  
 798 issuance of any bonds or any instrument or the security therefor  
 799 except as provided for herein.

800 Sec. ~~22~~ K.S.A. 1986 Supp. 9-1402 is hereby amended to read  
 801 as follows: 9-1402. (a) Before any deposit of public moneys or  
 802 funds shall be made by any municipal corporation or quasi-mu-  
 803 nicipal corporation of the state of Kansas with any state or  
 804 national bank, trust company, state or federally chartered savings  
 805 and loan association or federally chartered savings bank, such  
 806 municipal or quasi-municipal corporation shall obtain security  
 807 for such deposit in one of the following manners prescribed by  
 808 this section.

809 (b) Such bank, trust company, state or federally chartered  
 810 savings and loan association or federally chartered savings bank  
 811 may give to the municipal corporation or quasi-municipal cor-  
 812 poration a personal bond in double the amount which may be on  
 813 deposit at any given time.

814 (c) Such bank, trust company, state or federally chartered  
 815 savings and loan association or federally chartered savings bank  
 816 may give a corporate surety bond of some surety corporation  
 817 authorized to do business in this state, which bond shall be in an  
 818 amount equal to the public moneys or funds on deposit at any  
 819 given time and such bond shall be conditioned that such deposit  
 820 shall be paid promptly on the order of the municipal corporation

0823 ally chartered savings and loan association or federally chartered  
0824 savings bank may deposit, maintain, pledge and assign for the  
0825 benefit of the governing body of the municipal corporation or  
0826 quasi-municipal corporation in the manner provided in this act,  
0827 securities the market value of which is equal to 100% of the total  
0828 deposits at any given time, and such securities shall consist of:  
0829 (1) Direct obligations of, or obligations that are insured as to  
0830 principal and interest by, the United States of America or any  
0831 agency thereof and obligations and securities of United States  
0832 sponsored corporations which under federal law may be ac-  
0833 cepted as security for public funds;  
0834 (2) bonds of any municipal corporation or quasi-municipal  
0835 corporation of the state of Kansas which have been refunded in  
0836 advance of their maturity and are fully secured as to payment of  
0837 principal and interest thereon by deposit in trust, under escrow  
0838 agreement with a bank, of direct obligations of, or obligations the  
0839 principal of and the interest on which are unconditionally  
0840 guaranteed by, the United States of America;  
0841 (3) bonds of the state of Kansas;  
0842 (4) general obligation bonds of any municipal corporation or  
0843 quasi-municipal corporation of the state of Kansas;  
0844 (5) revenue bonds of any municipal corporation or quasi-  
0845 municipal corporation of the state of Kansas if approved by the  
0846 state bank commissioner in the case of banks and by the savings  
0847 and loan commissioner in the case of savings and loan associa-  
0848 tions or federally chartered savings banks;  
0849 (6) temporary notes of any municipal corporation or quasi-  
0850 municipal corporation of the state of Kansas which are general  
0851 obligations of the municipal or quasi-municipal corporation is-  
0852 suing the same;  
0853 (7) warrants of any municipal corporation or quasi-municipal  
0854 corporation of the state of Kansas the issuance of which is  
0855 authorized by the state board of tax appeals and which are  
0856 payable from the proceeds of a mandatory tax levy;  
0857 (8) bonds of either a Kansas not-for-profit corporation or of a  
0858 local housing authority that are rated at least Aa by Moody's

(9) bonds issued pursuant to K.S.A. 12-1740 *et seq.*, and amendments thereto, that are rated at least MIG-1 or Aa by Moody's Investors Service or AA by Standard & Poor's Corp.; or

(10) notes of a Kansas not-for-profit corporation that are issued to provide only the interim funds for a mortgage loan that is insured by the federal housing administration; or

(11) bonds issued pursuant to sections 1 through 24.

17

(c) No state or national bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank may deposit and maintain for the benefit of the governing body of a municipal or quasi-municipal corporation of the state of Kansas, any securities which consist of:

(1) Bonds secured by revenues of a utility which has been in operation for less than three years; or

(2) bonds issued under K.S.A. 12-1740 *et seq.*, and amendments thereto, unless such bonds have been refunded in advance of their maturity as provided in subsection (d) or such bonds are rated at least Aa by Moody's Investors Service or AA by Standard & Poor's Corp.

(f) Whenever a bond is authorized to be pledged as a security under this section, such bond shall be accepted as a security if:

(1) In the case of a certificated bond, it is assigned, delivered or pledged to the holder of the deposit for security; (2) in the case of an uncertificated bond, registration of a pledge of the bond is authorized by the system and the pledge of the uncertificated bond is registered; or (3) in a form approved by the attorney general, which assures the availability of the bond proceeds pledged as a security for public deposits.

(g) Any expense incurred in connection with granting approval of revenue bonds shall be paid by the applicant for approval.

Sec. 23. K.S.A. 1986 Supp. 9-1402 is hereby repealed. 19

S. This act shall take effect and be in force from and 20

after publication in the statute book

Kansas register.

Rider 1

(a) That the economic development of the state of Kansas will be greatly enhanced if the state is able to provide and attract venture capital investments in new or developing businesses within the state.

(b) That there is a shortage of funds, both public and private, within the state available for venture capital investments and for financing for qualified agricultural business, industrial enterprises, low income residential housing, energy enterprises and facilities and health care, capital improvement and educational facilities.

(c) That the public policies and responsibilities of the state with respect to economic development will be greatly enhanced by the creation of a state development authority with comprehensive and extensive power therein, which authority shall have the power to issue revenue bonds to provide a source of venture capital investment and financing for qualified agricultural business, industrial enterprises, low income residential housing, energy enterprises and facilities and health care, capital improvement and educational facilities, and that all of the foregoing are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned and granted.

Rider 2

(c) The authority is hereby authorized and empowered to issue bonds for the purpose of establishing and funding one or more series of venture capital funds in such principal amounts, at such interest rates, in such maturities, with such security, and upon such other terms and in such manner as is approved by resolution of the authority. The proceeds of such bonds not placed in a venture capital fund or used to pay or reimburse organizational, offering and administrative expenses and fees necessary to the issuance and sale of such bonds shall be invested and reinvested in such securities and other instruments as shall be provided in the resolution under which such bonds are issued. Moneys in a venture capital fund shall be used to make venture capital investments in new, expanding or developing businesses, including, but not limited to, equity and debt securities, warrants, options and other rights to acquire such securities, subject to the provisions of the resolution of authority. The authority shall establish an investment policy with respect to the investment of the funds in a venture capital fund not inconsistent with the purposes of this act. The authority shall enter into an agreement with a management company experienced in venture capital investments to manage and administer each venture capital fund upon terms not inconsistent with the purposes of this act and such investment policy. The authority may establish an advisory board to provide advice and consulting assistance to the authority and the management company with respect to the management and administration of each venture capital fund and the establishment of its investment policy. All fees and expenses incurred in the management and administration of a venture capital fund not paid or reimbursed out of the proceeds of the bonds issued by the authority shall be paid or reimbursed out of such venture capital fund.

Rider 3

On or before the last days of January and July of each year, the authority shall provide a written report to the governor and the legislature with respect to all bonds of the authority issued during the previous semi-annual period, specifying the terms of sale and the costs, fees and expenses of each such bond issue.